
Transportation Committee

HB 2214

Brief Description: Concerning the reasonable costs of airport operators financing consolidated rental car facilities and common use transportation equipment and facilities.

Sponsors: Representative Simpson.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Allows an airport operator to finance at a reasonable rate of return a consolidated car rental and common use transportation equipment and facilities.
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Hearing Date: 2/19/09

Staff: Jerry Long (786-7306)

Background:

In 2005 the Legislature passed Substitute Senate Bill 5584 authorizing municipal airports to levy a customer finance charge (CFC) on rental car patrons at the airport for the purpose of financing the design, construction, and operation of a consolidated rental car facility and common use bus system. Rental car companies would collect the CFC as part of each rental car agreement and then the municipality would use the revenue for the costs associated with the facility, common use busing operations, and the debt service on the bonds used to finance the construction of the facility. Rental car facilities at the Seattle-Tacoma International Airport are located at numerous sites near the airport as well as the first two floors of the airport parking garage. The plan is to consolidate the rental car facilities off site and utilize a common use busing system to shuttle passengers between the rental car facility and the airport. The intent is to reduce airport congestion and increase parking space in the airport garage. In 2008 the Port of Seattle began construction of a consolidated rental car facility at the Seattle-Tacoma International Airport. Construction and operation of the facility is funded with CFCs collected from rental car customers. Project financing (approximately \$400 million) was anticipated to be completed with a bond issue in mid-2008, which would be backed by revenues collected from the CFC. Continued construction of the facility required the sale of the bonds. Due to taxable municipal

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bond markets being affected by the economic downturn, the Port delayed issuing bonds, hoping for an economic recovery. They now find the bond market unfavorable for bond sales.

Summary of Bill:

If an airport operator uses its own funds to finance the consolidated car rental and common use facilities, the airport operator would be entitled to a reasonable rate of return on the money loaned. The rates and terms must not be materially less favorable than those prevailing at the time the airport operator commits its own funds, in that segment of the capital markets that the airport operator would resort to for such financing.

Appropriation: None.

Fiscal Note: Requested on 2/13/09.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.